



LEGISLATIVE  
SERVICES AGENCY

Serving the Iowa Legislature

# Fiscal Note

Fiscal Services Division



**Conference Committee Report on SF 2284** – Education Reform (LSB 6053SV.2)

Analyst: John Parker (Phone: 515-725-2249) ([john.parker@legis.state.ia.us](mailto:john.parker@legis.state.ia.us))

Fiscal Note Version – Conference Committee Report

**Description**

The [Conference Committee Report on Senate File 2284](#) provides broad reforms to the Iowa public education system.

**Total General Fund Impact**

The estimated General Fund cost of the [Conference Committee Report on Senate File 2284](#) will be approximately \$2.4 million in FY 2013, \$3.7 million in FY 2014, and \$4.0 million in FY 2015. The Iowa Reading Research Center (Division IX) will have additional costs not reflected in the table and those costs will be based on appropriations made by the General Assembly. An estimated fiscal analysis of each Division and provision of the Bill is presented in the following table.

**Estimated General Fund Fiscal Impact of Conference Committee Report on SF 2284**

Div.	Reform Proposal	FY 2013	FY 2014	FY 2015	Mandate
I	Competency-Based Education Task Force	\$ 100,000	\$ 0	\$ 0	\$ 0
II	Assessment of Student Progress on Core Academic Indicators	0	0	0	0
III	36 Additional Hours of Practitioner Collaboration per school year	0	0	0	0
III	Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	Unknown
III	Annual Evaluation for Administrators	0	0	0	Unknown
III	Statewide Educator Evaluation System Task Force	50,000	0	0	0
III	Iowa Teaching Standards and Criteria Review Task Force	50,000	0	0	0
III	Teacher Perf., Compensation, and Career Dev. Task Force	50,000	0	0	0
IV	Develop and establish an online learning program model	1,500,000	1,500,000	1,500,000	0
IV	Annual Survey of Online Courses	0	0	0	0
IV	Iowa Learning online initiative	100,000 <sup>1</sup>	100,000 <sup>1</sup>	100,000 <sup>1</sup>	0
IV	Online Learning Interim Study	0	0	0	0
V	Governor Appointed BOEE Director	0	0	0	0
V	Student Teaching to 14 weeks	0	0	0	0
VI	Rules for School Administrator Manager (SAM) Program	0	0	0	0
VII	Regents continuous improvement methodologies	60,000	94,000	214,000	0
VII	College readiness and awareness programs	0	0	0	0
VIII	National Board for Professional Teaching Standards Awards	140,000	245,000	375,000	0
IX	Establish Literacy Program by Rule	0	0	0	0
IX	Iowa Reading Research Center	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	0
IX	Kindergarten Readiness Measures	0	0	0	360,000 <sup>3</sup>
IX	Iowa Assessments for 10th graders in 2012 and 2013	0 <sup>4</sup>	0 <sup>4</sup>	0 <sup>4</sup>	0 <sup>4</sup>
IX	Early Childhood Literacy	0 <sup>5</sup>	0 <sup>5</sup>	0 <sup>5</sup>	Unknown <sup>5</sup>
IX	Cross-Agency Assessment Instrument Planning Group	0	0	0	0
X	School Instructional Time Task Force	50,000	0	0	0
XI	Class Sharing Agreements	0	1,500,000 <sup>6</sup>	1,600,000 <sup>6</sup>	0
XII	Practitioner Preparation Program Assessments	0	0	0	0
XIII	Kindergarten Attendance Requirement	0	0	0	0
<b>Total Decrease in General Fund and Local Mandate</b>		<b>\$2,350,000</b>	<b>\$3,689,000</b>	<b>\$4,039,000</b>	<b>\$360,000</b>

Notes:

- The estimated cost for this provision is associated with the online curriculum review done by the Department.
- Programs are estimated to have a cost impact; however, costs will be based on the amount of funding appropriated by the General Assembly. The Department of Education estimated the cost of the Center to be \$2.0 million.
- The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).
- The Department has indicated that 94.0% of tenth graders are currently being assessed. Requiring all tenth graders to take the Iowa assessment will have a minimal fiscal impact.
- Proposal is estimated to have a cost to school districts. The costs will depend on the intensive instructional services and supports school districts choose to implement for the progression of early readers. Additionally, language specifies that if funds are appropriated for the purposes of implementing the "Successful Progression for Early Readers" subsection, school districts will be required to implement the provisions of that subsection.
- Statewide local property taxes will increase by an estimated \$200,000.

## Assumptions and Fiscal Impacts by Division

### **Division I – Competency-Based Instruction**

This Division permits high school credit to be awarded to students that demonstrate competency in the subject areas required to be offered by accredited schools under the State's educational standards, and allows students to receive credit on a performance basis through the administration of an assessment. Creates a competency-based instruction task force and requires the task force to submit reports with findings and recommendations by January 13, 2013, and November 15, 2013. The Division is effective upon enactment and may have costs associated with the Task Force beginning in FY 2012.

#### **Assumption:**

The Department of Education will require additional funding for the costs associated with providing additional support for the competency-based instruction task force for FY 2013.

#### **Fiscal Impact:**

The estimated impact is an increase in FY 2013 General Fund expenditures of \$100,000 for the costs associated with the task force.

---

### **Division II – Assessment of Student Progress on Core Academic Indicators**

Directs the State Board of Education to specify the approved district-wide assessments measuring student progress on core academic indicators in any rule adopted by the State Board associated with the core academic indicators. The district assessment specified in the State Board rules in connection with the core academic indicators will be the assessment used by school districts in the school year beginning July 1, 2011.

#### **Fiscal Impact:**

No State fiscal impact.

---

### **Division III – Teacher and Administrator Matters**

This Division relates to teacher reviews, professional development, and administrator evaluations. The Division creates three new task forces: Statewide Educator Evaluation System Task Force, Iowa Teaching Standards and Criteria Review Task Force, and Teacher Performance, Compensation, and Career Development Task Force.

#### **Assumptions:**

- Thirty-six additional hours of practitioner collaboration will be repurposed from existing professional development time.
- The cost of annual reviews of teacher performance will cover the training for peer group reviews. Department of Education staff conducting the training will be funded with teacher quality funds and will require an additional 2.0 FTE positions.
- Annual evaluations for administrators will be funded with current teacher quality funds.
- The three new task forces will each require an additional 0.5 FTE position.

#### **Fiscal Impact:**

The Legislative Services Agency (LSA) estimates the total cost of implementing this Division is \$400,000 and an additional 3.5 FTE positions for FY 2013. The total estimated cost is \$250,000 and 2.0 FTE positions in FY 2014 and FY 2015:

<b>Teacher and Administrator Matters Provisions</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FTE</b>
36 Additional Hours of Practitioner Collaboration per school year	0	0	0	0.0
Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	2.0
Annual Evaluation for Administrators	0	0	0	0.0
Statewide Educator Evaluation System Task Force	50,000	0	0	0.5
Iowa Teaching Standards and Criteria Review Task Force	50,000	0	0	0.5
Teacher Perf., Compensation, and Career Dev. Task Force	50,000	0	0	0.5
<b>Total Cost and FTE positions for Teacher and Administrator Matters:</b>	<b>\$ 400,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>3.5 *</b>

\*Additional 3.5 FTE positions will only be required in FY 2013. 2.0 FTE positions required in FY 2014 and 2015 for peer review training.

#### **Division IV – Online Learning**

Division IV requires the Department to develop and establish an online learning program model. Specifies that not more than 0.18% of students statewide and not more than 1.0% of a sending district's enrollment can be enrolled in courses where the content is delivered primarily over the internet. Directs the Department to conduct an annual survey of students taking courses delivered over the internet to determine if students are receiving competent private instruction from a licensed practitioner. The Department must submit an annual report to the General Assembly by January 15 on the data compiled from courses delivered over the internet.

The Division establishes an online learning program model and an Iowa learning online initiative within the Department to provide distance education to high school students statewide. The Division also includes legislative findings and declarations by the General Assembly related to online learning requirements.

Requests the Legislative Council establish an online learning interim study committee. The committee will submit findings and recommendations in a report to the General Assembly by December 14, 2012.

#### **Assumptions:**

- Establishment of an online learning program model will transition to a fee-based service in FY 2016.
- Evaluation procedures and the online learning program model provisions of this Division will share FTE positions with the Iowa learning online initiative to continually evaluate the coursework offered online.

#### **Fiscal Impact:**

The estimated fiscal impact to the Department of Education is \$1.5 million and a 1.0 FTE position to establish and develop an online learning program model in FY 2013, FY 2014, and FY 2015.

The LSA estimates the cost of implementing the Iowa learning online initiative is \$100,000 in FY 2013, FY 2014, and FY 2015.

#### **Division V – Board of Educational Examiners Provisions**

This Division requires the Governor to appoint the executive director of the Board of Educational Examiners subject to confirmation by the Senate. Currently, the Director is hired by the Board of Educational Examiners. The Division also increases the length of the student teaching experience from 12 to 14 weeks.

#### **Fiscal Impact:**

No State fiscal impact.

---

**Division VI – School Administration Manager**

This Division permits the authorization of individuals that successfully complete a training program and meet Board of Educational Examiners standards to assist school principals in performing noninstructional duties.

**Assumption:**

The development of standards and procedures will be performed by existing Department staff.

**Fiscal Impact:**

No State fiscal impact is estimated to develop the standards and procedures for the approval of training programs for individuals that seek employment as a school administration manager.

---

**Division VII – State Board of Regents Provisions**

This Division directs the State Board of Regents to develop a program for implementing continuous improvement methodologies in every undergraduate course offered by the Regents universities. Continuous improvement plans are to be implemented beginning in the fall semester of 2013 for courses with typical annual enrollment of 300 or more. Continuous improvement plans are to be implemented beginning in the fall semester of 2014 for courses with typical annual enrollment of 200 or more but less than 300. Continuous improvement plans are to be implemented beginning in the fall semester of 2015 for courses with typical annual enrollment of 100 or more but less than 200. Requires the Board of Regents to annually evaluate the effectiveness of the methodologies and improvement plans and submit findings and recommendations in its annual strategic plan progress report.

**Assumptions:**

- The cost of implementation for all courses in FY 2013 will be \$2,070,000. Approximately 2.9% of courses have enrollment of 300 or more; 1.6% have enrollment between 200 and 299; and 5.5% have enrollment between 100 and 199.
- Due to the ongoing nature of continuous improvement plans, costs will increase when additional courses are required to implement the plans.
- Salary costs will increase at a rate of 2.00% annually.

**Fiscal Impact:**

The LSA estimates the following impact to the Regents universities:

- FY 2013 = \$60,000
- FY 2014 = \$94,000
- FY 2015 = \$214,000

Estimated fiscal impact will continue in subsequent fiscal years and may increase if more courses are required to implement continuous improvement plans.

***College readiness and awareness programs***

Permits the State Board of Regents to establish programs designed to increase college readiness and college awareness for potential first-generation college students and underrepresented populations.

**Fiscal Impact:**

The impact will depend on whether or not the State Board chooses to establish the programs.

---

### **Division VII – National Board for Professional Teaching Standards Awards**

This Division eliminates the end dates for the National Board for Professional Teaching Standards certification one-time fee reimbursement awards and the annual awards. The eligibility for the annual award is 10 years or for the years the individual maintains a valid certificate and remains employed as a public school teacher in Iowa, whichever time period is shorter.

#### **Assumptions:**

- The estimate assumes a backlog of 20 certified teachers evenly distributed through 2009-2012. The backlog of certified teachers will require one-time fee reimbursements and annual awards to be brought up to date.
- Reimbursement and annual awards will continue indefinitely for teachers applying for certification.
- New certifications will number 52 annually for FY 2013, FY 2014, and FY 2015, based on the average annual certifications from 2000-2008.

#### **Fiscal Impact:**

The estimated impact for reimbursement and annual awards:

- FY 2013 - \$140,000
- FY 2014 - \$245,000
- FY 2015 - \$375,000

Costs are estimated to be ongoing in future fiscal years.

---

### **Division IX – Early Childhood Literacy**

This Division requires the State Board of Education to adopt, by rule, guidelines for school district implementation of basic levels of reading proficiency based on approved assessments and identification of tools to evaluate any student that may be determined deficient in reading. Assessments should include but are not limited to initial assessments, subsequent assessments, alternative assessments, and portfolio reviews. Requires the State Board of Education to adopt standards that provide a reasonable expectation that a student's progress towards reading proficiency is sufficient to master appropriate fourth grade level reading skills prior to the student's promotion to fourth grade. The Division requires the State Board to adopt the rules and guidelines in this section by July 1, 2013.

#### **Assumptions:**

Rules and guidelines can be developed under the current duties of the State Board and no outside consulting costs will be incurred.

#### **Fiscal Impact:**

Impact will be minimal and requirements may be satisfied by current staff.

#### ***Iowa Reading Research Center***

This Division requires the director of the Department of Education to establish an Iowa reading research center for the application of current research literacy, subject to an appropriation by the General Assembly.

#### **Fiscal Impact:**

The fiscal impact to the General Fund is contingent on an appropriation by General Assembly.

#### **Assessments**

- This Division directs school districts to administer a kindergarten readiness assessment prescribed by the Department to every resident prekindergarten or four-year-old child enrolled in the district. This subsection is repealed on July 1, 2013.
- Also directs school districts to administer the Iowa assessments, created by the University of Iowa, to all students in tenth grade.

**Assumptions:**

- Requires each school district to administer a kindergarten readiness exam to resident prekindergarten or four-year-old child enrolled in the district. The estimate assumes approximately 24,200 students will take the test annually at a cost of \$15 per test.
- The Department has indicated that 94.0% of tenth graders are currently being assessed.

**Fiscal Impact:**

- No State fiscal impact to administer a kindergarten readiness assessment.
- Requiring all tenth graders to take the Iowa assessment will have a minimal fiscal impact.

**Estimated Local Impact:**

*The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).*

**Student Progression, Remedial Instruction, Reporting Requirements, Promotion**

This Division directs school districts to assess all students enrolled in kindergarten through third grade at the beginning of each school year for their level of reading or reading readiness on locally determined or statewide assessments. School districts must provide intensive reading instruction to any student who exhibits a substantial deficiency in reading, based on assessments or through teacher observations. Requires the school district to continue to provide the student with intensive reading instruction until the reading deficiency is remedied. The parent or guardian of any student in kindergarten through third grade that exhibits a substantial deficiency in reading is to be notified at least annually.

Beginning May 1, 2017, if a student's reading deficiency is not remedied by the end of third grade, as determined by local or statewide assessments, the district must notify the student's parent or guardian that they may enroll the student in an intensive summer reading program. If the parent or guardian does not enroll the student in the intensive summer reading program, and is ineligible for a good cause exemption, the student must be retained in third grade. If the student is exempt from participating in an intensive summer reading program for good cause, or completes the intensive summer reading program but is not reading proficient upon completion of the program, the student may be promoted to the fourth grade. School districts must continue to provide the student with intensive reading instruction until the student is proficient in reading as determined by local or statewide assessments.

Requires school districts to provide students, identified as having a substantial deficiency in reading, with intensive instructional services and supports free of charge to remediate the identified areas of reading deficiency. Instructional services include a minimum of 90 minutes daily of scientific, research-based reading instruction. Instructional services can also include strategies under the discretion of the school district that may include but are not limited to the following: small group instruction; reduced teacher-student ratios; more frequent progress

monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.

Requires school districts to provide a report to the parent or guardian regarding the academic and other progress being made by the student. School districts must provide parents of students identified as having a substantial deficiency in reading with a plan outlined in a parental contract, including participation in regular parent-guided home reading.

Subject to an appropriation by the General Assembly for the successful progression of early readers subsection, school districts must establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each student in kindergarten through third grade assessed as exhibiting a substantial deficiency in reading.

Each school district must report to the Department the specific intensive reading interventions and supports implemented by the school district.

In determining whether to promote a student from third to fourth grade, school districts must place significant weight on any reading deficiency identified by assessments or teacher observations. School districts must also consider the student's progress in other subject areas, as well as the student's overall intellectual, physical, emotional, and social development. The decision to retain a student in third grade must be made only after direct personal consultation with the student's parent or guardian and after the formulation of a specific plan of action to remedy the student's reading deficiency.

To ensure all children are reading proficiently by the end of third grade, each school district must address reading proficiency in their comprehensive school improvement plan. The plan should include information about children from assessments and the frequency of deficiencies identified by classroom, elementary school, and other student characteristics.

Subject to an appropriation by the General Assembly, each school district must provide professional development services to enhance the skills of elementary teachers in responding to a child's unique reading issues and needs.

**Fiscal Impact:**

No State fiscal impact.

***Estimated Local Impact:***

*Reading deficiency under this Division will be contingent on the number of students considered substantially deficient in reading based on locally determined or statewide assessments conducted in kindergarten through third grade. The estimated fiscal impact will be subject to the number of students identified as deficient in reading, extent of deficiency, type of reading instruction, and amount of extra instruction time in addition to the regular instruction time. Significant costs will be associated with providing students with intensive summer reading programs and additional 90 minutes of daily reading instruction. Costs will increase depending on the strategies developed by the school districts including but not limited to: small group instruction; reduced teacher-student ratios; more frequent progress monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.*

**Cross-Agency Assessment Instrument Planning Group**

This Division establishes a Cross-Agency Assessment Instrument Planning Group to study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of kindergarten assessments. The instrument must align with agreed upon state and national curriculum standards. The planning group is to study all costs

associated with implementing a universal assessment instrument. The assessment instrument is to be administered at the beginning and at the end of the school year to measure student skills and academic growth. The planning group is to submit findings and recommendations in a report to the General Assembly by November 15, 2012.

**Fiscal Impact:**

The LSA estimates minimal fiscal impact.

---

**Division X – School Instructional Time Task Force**

Division X requires the director of the Department of Education to appoint members to a school instructional time task force. The task force will review and submit findings and recommendations pertaining to school instructional time by October 15, 2012.

**Assumptions:**

The Department of Education will require additional funding for the costs associated with providing staff and services for the task force for FY 2013.

**Fiscal Impact:**

The estimated impact is an increase in FY 2013 General Fund expenditures of \$50,000 for the costs associated with the task force.

---

**Division XI – Class Sharing Agreements**

Division XI expands the courses eligible for school aid formula supplementary weighting. The LSA estimates class sharing agreements will increase supplementary weighting funding generated through the school aid formula beginning in FY 2014. Full-year Project Lead the Way courses are currently not eligible to receive supplementary weighting.

**Assumptions:**

Based on the October 2011 certified enrollment data, courses impacted by this Division had a supplementary weighting totaling 259.24. The LSA assumes this weighting will increase by 10.0% annually. Additionally, the LSA is assuming a 0.0% allowable growth rate for FY 2014 and FY 2015.

**Fiscal Impact:**

The estimated General Fund impact will be an increase in State school aid of \$1.5 million in FY 2014 and \$1.6 million in FY 2015. Additionally, local property taxes will increase for districts with students receiving the supplementary weighting. Statewide, the estimated property tax increase will be \$200,000 in FY 2014 and FY 2015.

---

**Division XII – Practitioner Preparation Program Assessments**

This Division requires institutions with approved practitioner preparation programs to administer a preprofessional skills test to admission candidates.

Institutions must also administer, prior to a student's completion of the program, subject assessments, designed by a nationally recognized testing service, that measure pedagogy and knowledge of at least one subject area, or a valid and reliable subject area specific, performance-based assessment for preservice teacher candidates, centered on student learning

**Assumption:**

The cost of the preprofessional skills test and the assessment to measure pedagogy and knowledge of at least one subject area will be paid by the student.

**Fiscal Impact:**

No State fiscal impact.

---

**Division XIII – Kindergarten Requirement**

This Division requires that a student enrolled in a school district and that is age five by September 15 be considered of compulsory attendance age.

**Fiscal Impact:**

No fiscal impact.

---

**Division XIV – State Mandate**

Requires any additional costs resulting from this Bill to local school districts to be paid through funds from State aid generated from the school aid formula.

**Fiscal Impact:**

The LSA has identified that Division III (Teacher and Administrator Matters) and Division IX (Early Childhood Literacy) may have additional costs with no additional funding provided in this Bill. However, those costs are currently unknown.

**Sources**

Iowa Department of Education  
Board of Regents  
Iowa State University  
LSA analysis and calculations

/s/ Holly M. Lyons

---

May 8, 2012

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---